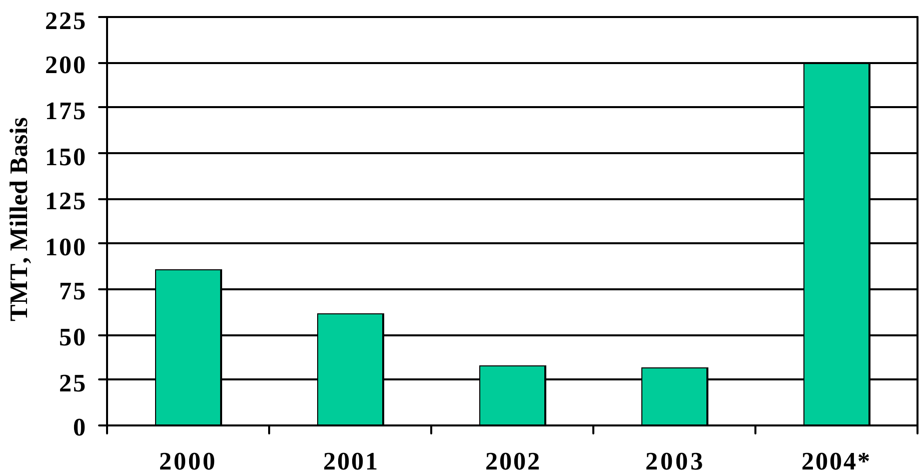
RICE: WORLD MARKETS AND TRADE

MONTHLY HIGHLIGHTS:

Peru Rice Shortage: Peru's import demand is estimated to increase fivefold from 40,000 tons to 200,000 due to drought-affected production and insufficient domestic stocks. As the bulk of the crop is harvested June through July, the trade anticipates that imports could be needed as early as August. While Uruguay, Peru's main supplier, will likely maintain its current level of exports, increased demand could potentially open the door to U.S. rice.

Peru Rice Imports

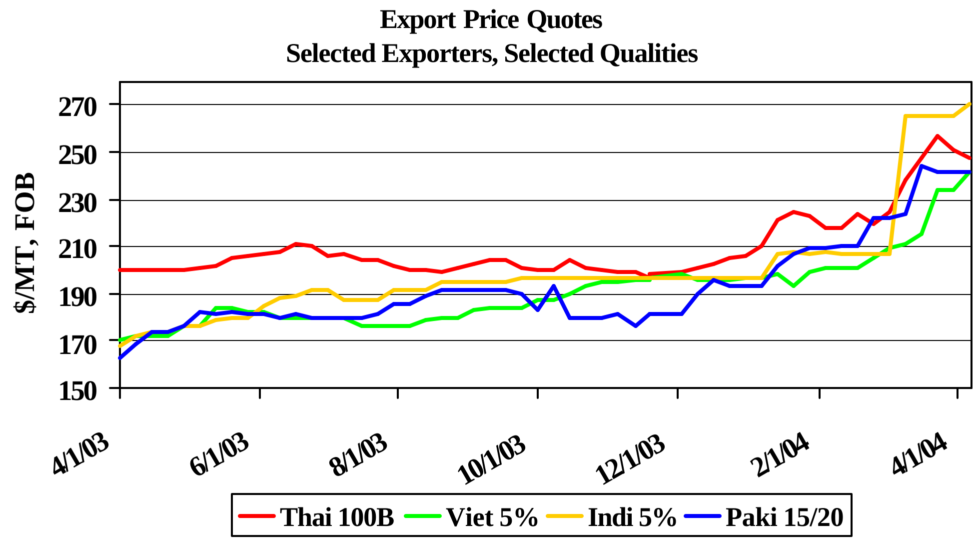


*Estimate

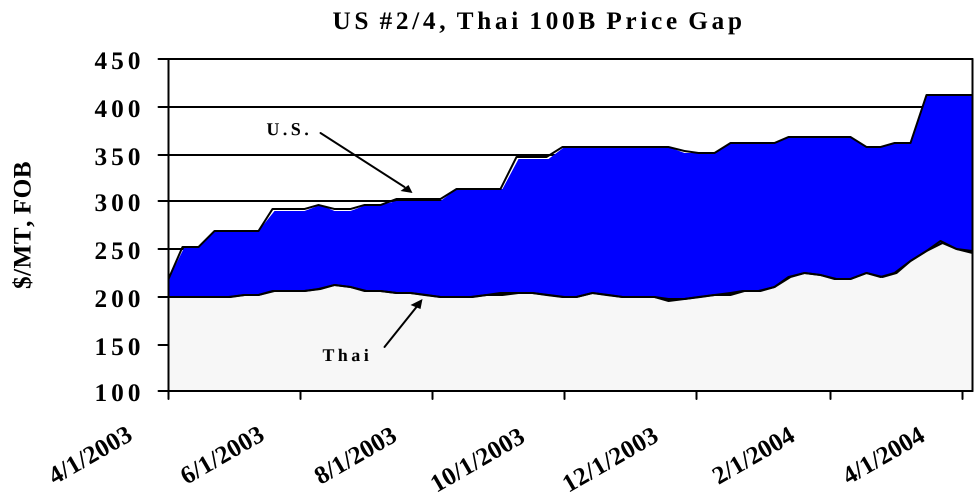
China Rice Import Update: In an effort to stem imports, China released about 1.0 million tons of japonica rice stocks in the northern province of Heilongjiang. This seems to have had the desired effect, as traders reported that some import contracts have been cancelled. Still, China's imports are now estimated to reach 1.0 million tons. Additionally, its exports are expected to drop by an additional 300,000 tons to 1.2 million.

PRICES:

International: Asian prices remain strong in the wake of China's entry into the market. In Thailand, 100B jumped to a 5-year high of $257 per ton, FOB, in mid-March. Prices have since declined $10 as China's demand seemingly waned with the release of government stocks, ending the month at $247 per ton, FOB. In Vietnam, however, quotes continued to climb as tight exportable supplies, strong loadings, and insufficient inland freight seemingly eclipsed China's market presence. Viet 5% is up $30 and currently quoted at $241 per ton, FOB. In India, 5% is up $5 to $270 as traders compete to secure supplies for export.



Domestic: U.S. #2/4 long grain milled rice is currently quoted at $412 per ton, FOB, flat month-to-month, maintaining a $165 per ton spread between U.S. and Thai rice. Price quotes for U.S. #1/4 medium grain milled rice from California are at $510 per ton, bulk, ex-spout Sacramento, also flat month-to-month.



TRADE CHANGES IN 2004

Selected Exporters

- The **United States** up 100,000 tons to 3.3 million based on anticipated greater demand from Latin America, specifically Peru and the Dominican Republic.

- **Burma** down 200,000 tons to 300,000 based on the continuation of the government-imposed export ban.

- **China** down 300,000 tons to 1.2 million based on tight domestic supplies and internal distribution problems.

- **Vietnam** down 500,000 tons to 3.75 million based on relatively tight exportable supplies.

Selected Importers

- **Bangladesh** down 100,000 tons to 400,000 due to smaller exports from neighboring India and Burma.

- **China** up 250,000 tons to 1.0 million based on continued purchases and imports of non-fragrant white rice from Thailand and Vietnam.

- **Dominican Republic** up 40,000 tons to 75,000 based on lower domestic supplies due to drought conditions.

- **Indonesia** down 750,000 tons to 1.25 million as a result of the temporary government ban on imports, ample domestic supplies, and relatively high world prices, which will likely deter demand.

- **Peru** up 160,000 tons to 200,000 based on lower domestic supplies due to drought conditions.

- **Philippines** down 100,000 tons to 900,000 due to sufficient domestic supplies, government purchases to date, scheduled government tenders, available private licenses, and food aid.

- **Senegal** down 75,000 tons to 750,000 based on sufficient domestic supplies and limited availability of fragrant brokens.

- **Turkey** down 150,000 tons to 200,000 due to a continuation of the government import ban.

TRADE CHANGES IN 2003

Selected Exporters

- **Argentina and Egypt** changes are based on year-end statistics.